

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: DECEMBER 6, 2007

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

Discussion and possible action on a report from Information Technologies regarding the Audit of City Cell Phone Charges (2005-0607-10)

Fiscal Impact

☒

No Impact

☐

Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

To give updated information on the Audit of City Cell Phone Charges per request of the Audit Committee.

RECOMMENDATION:

Accept report.

BACKUP DOCUMENTATION:

None

Motion made by STEVE WOLFSON to Approve and accept the report on the Audit of City Cell Phone Charges and close the issue

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1
JOSE TRONCOSO, MICHAEL W. KERN, PAUL WORKMAN, STEVE WOLFSON;
(Against-None); (Abstain-None); (Did Not Vote-None); (Excused-LARRY BROWN)

Minutes:

IT Division Manager Mike Hougen reported that beginning last month, quarterly reports were distributed to each department for their review. Their replies were based on shared cell phones used by multiple individuals within a department, unassigned cell phones and multiple cell phones assigned to vendors with same users, cell phones with no or minimal use and if appropriate to have cell phone and cell phones with high but appropriate use. Cell phones consisted of cell phones, wireless cards and PDAs. The request was for follow-up by the end of November. Staff has not received feedback from each department but anticipates having the information by the end of next week. Some adjustments have been made to the system but savings have not been quantified.

Monthly reports are being done for long distance cell phone usage, which will include whether the phone calls to a same number, indicated as both personal and business, is appropriate. A

CITY COUNCIL MEETING OF: DECEMBER 6, 2007

threshold for long distance phone calls with durations longer than 30 minutes will be established but may be adjusted up or down upon review. There will be a review of some locations where some of the long distance phone calls occur; a review of miscellaneous phone calls to ensure they are minimal and identify location to ensure the charges are appropriate; and a review of internationally and third party long distance phone calls, as these should be few or non-existent. Staff is already incorporating a quarterly review with vendors to ensure cell phones are assigned to the proper plans for the best cost savings for the City. The bills from vendors are compared with the database to ensure accuracy.

Mr. Hougen continued by stating that per City policy, cellular reimbursement for personal calls back to the City for cell phone usage is allowed. After reviewing the costs associated with this and industry standards, it has been determined by management that beginning January 2008, the rate for cell phone reimbursement will increase from six to 15 cents per minute. Mr. Hougen informed Member Wolfson the City pays a monthly cost per phone. Staff devised a formula by looking at the costs associated with plans with no minutes versus those with minutes, thereby determined what staff believed to be a fair and appropriate rate at 15 cents per minute.

A recommendation was made to ensure all of the cell phones were on pool minutes to ensure no additional charges for overages; this has been put in place with one of the vendors. In addition, the pool plan has been adjusted with another vendor. With the adjusted pool plans, just after two months, there has been an average monthly savings of 6,900 dollars per month.

Mr. Hougen concluded by stating the internal billing process has been revised. Previously, users had to pay their bills directly to their vendors; now, staff has determined that by putting the phones in the pool plan, some have higher minutes and some have lower minutes. You cannot charge back to the appropriate department, and as a result, there is now a standard monthly charge. The department pays one flat rate to the internal service fund for communication through IT. The bills that are paid to the vendors are paid through this fund also. As of September 1, the cost for the cell phones used range from 39 to 75 dollars per month. A study was done beforehand, and there was little or no issues concerned and minimal budget impact.

Member Wolfson questioned the number of City employees currently. Mr. Hougen replied approximately 3,400 and approximately 1,700 of the aforementioned cell phones have been issued throughout the organization. Personal usage is reimbursed but the City pays for business usage.

Mr. Redlein clarified that the usage is all paid for by the City, but it is the employees' responsibility to click on the dedicated web site on a monthly basis. They are to review and identify the personal calls, submit the information and their paychecks are docked; thereafter, reimbursement is made.

Chairman Kern confirmed with Mr. Snelding that he was satisfied with the report given by Mr. Hougen. Mr. Snelding added that should another future report be given, it would be more so informational.